

FEDERAL ENERGY REGULATORY COMMISSION
WASHINGTON, D.C. 20426

October 25, 2006

In Reply Refer To:
Williston Basin Interstate Pipeline Co.
Docket No. RP06-622-000

Williston Basin Interstate Pipeline Co.
P.O. Box 5601
Bismarck, ND 58506-5601

Attention: Keith A. Tiggelaar
Director of Regulatory Affairs

Reference: Implementation of New Conditions for Awarding Firm Capacity

Ladies and Gentlemen:

1. On September 29, 2006, Williston Basin Interstate Pipeline Co. (Williston Basin) filed tariff sheets¹ revising section 10 of its General Terms and Conditions (GT&C) to propose that it will only award firm capacity for a continuous time period with a constant level of service. The Commission accepts Williston Basin's revised tariff sheets, subject to the conditions discussed below, to become effective October 29, 2006, as proposed.

2. Williston Basin's new tariff language specifies that it will only award firm capacity for a continuous time period with a constant level of service. Williston Basin avers that by allowing parties under the current provisions to selectively contract for varying reservation levels or capacity for only selective months in a multi-year contract, the remaining available capacity in the other months is less valuable or perhaps even useless to other shippers. Williston Basin contends that shippers currently can reserve firm capacity for a future date without paying reservation charges for that capacity in the interim. Williston Basin further asserts that these types of contracts tie up potential long-term consecutive month firm service at the expense of other shippers who may place a higher value on the capacity at a later time than at the time when the contract was bid upon and entered into.

¹ Sixth Revised Sheet No. 232B and First Revised Sheet No. 232B.01 to its FERC Gas Tariff.

3. Under the new provisions, Williston Basin will allow firm shippers to contract for short- or long-term capacity, but the service must run continuously. Williston Basin states that it will only allow shippers to contract for long-term non-continuous service if the capacity is not operationally available for twelve months of the year. Williston Basin maintains this will allow parties to more effectively bid for and appropriately value capacity of both a long- and short-term nature. Williston proposes the following new language for the tariff provisions governing the allocation of uncommitted capacity:

In addition, all awards of firm capacity must be for continuous service at a constant quantity for the entire term of the Service Agreement. Transporter will award capacity for non-continuous service at a constant quantity for the entire term of the Service Agreement if the capacity is not available for twelve (12) months of consecutive service.

4. The Commission issued notice of the filing on October 3, 2006. Interventions, comments, and protests were due as provided in section 154.210 of the Commission's regulations (18 C.F.R. § 154.210). Pursuant to Rule 214 of the Commission's Rules of Practice and Procedure (18 C.F.R. § 385.214), all timely filed motions to intervene are granted. Tenaska Marketing Ventures (TMV) filed a protest on October 11, 2006 and Williston Basin filed an answer on October 13, 2006. Generally, the Commission does not permit answers to protests; however, the Commission will accept Williston Basin's answer as it aids in the Commission's review of the instant proposal.

5. TMV states that the proposed language does not distinguish between short- and long-term contracts, and might be interpreted to mean that Williston Basin could deny requests for non-continuous short-term service where the capacity is available for twelve months of consecutive service. TMV also states that it doesn't believe that Williston Basin intends for the language to apply to short-term contracts, but is concerned that the ambiguity in the language will give too much discretion to Williston Basin to exclude short-term shippers. TMV requests the Commission require Williston Basin to modify the proposed language to clarify that it does not apply to requests for short-term service.

6. In its answer, Williston Basin states the proposed language applies to both short- and long-term service. Williston Basin contends this change will not harm TMV because as a short-term shipper, TMV will still have the right to request and/or bid on any uncommitted firm capacity the same way it does today. Williston Basin further states that under subsection 10.2 of the GT&C, it accepts requests for posting for as long as six months or as little as five days in advance of the requested date for commitment service. Williston Basin explains that if bids for firm service on uncommitted capacity would last longer than one month, those bids have to request service for consecutive months with a constant level of service.

7. The Commission agrees with TMV and also views the proposed tariff language as ambiguous regarding how the requirements in the new language will be applied to both short- and long-term shippers that submit bids for service. Williston Basin clarified its intent in its answer to TMV's protest, stating that its proposal merely requires that the requested service period be continuous, unless there is no uncommitted capacity available for a portion of the requested time period. In this way, all shippers will be treated equally and non-discriminatorily and all shippers will be able to place such value on uncommitted capacity as they themselves choose.

8. However, the tariff language proposed in the instant filing requires capacity not be available for twelve months of continuous service before Williston Basin will award firm capacity on a non-continuous basis. The twelve-month tariff condition could, if literally applied, lead to rejection of a short-term, continuous service contract. Where a shipper only requests three months of continuous service, for example, this would be non-continuous in a twelve-month context, and could be rejected if there were capacity available in the four months preceding or succeeding the short-term contract. Therefore, Williston should revise its tariff language to conform to the explanation given in its answer – that whatever the requested time period, the new tariff provision merely requires shippers to request continuous service for the period of the service agreement, unless there is no uncommitted capacity available for a portion of the time period of the service agreement.

9. The Commission conditionally accepts the tariff sheets identified in footnote No. 1, subject to Williston filing revised tariff sheets, within 15 days of the date this order issues, clarifying Williston's stated intent: that it will award non-continuous service only if there is no uncommitted capacity available for a portion of the requested time period, *i.e.* for a month or months within the term of the contract.

By direction of the Commission.

Magalie R. Salas,
Secretary.